



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES OF THE
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING
WEDNESDAY, JULY 10, 2019 -- 5:00 PM
AT DEGC OFFICES
500 GRISWOLD, SUITE 2200
DETROIT, MI**

COMMITTEE MEMBERS

PRESENT:

Rick Blocker
Michelle Lee
Simone Sagovac
Allen Rawls
Rico Razo
Dr. Regina Randall

COMMITTEE MEMBERS

ABSENT:

Kamal Cheeks
Brad Lutz
Sandra Stahl

OTHERS PRESENT:

Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Neal Check (RainCheck Development, LLC)
Mark DooLittle (Lincoln Realty Advisors)
Jessica DeBone (PM Environmental)



Call to Order

Mr. Rawls, Chairperson, called the meeting to order at 5:12 p.m.

General

Approval of Minutes

Mr. Rawls called for approval of the minutes of the June 12, 2019 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Blocker, seconded by Dr. Randall, DBRA-CAC Resolution Code 19-07-02-141, approving the June 12, 2019 CAC minutes, as presented, was unanimously approved.

Projects

Brownfield Plan for 40 Hague

Ms. Capler introduced the Brownfield Plan for 40 Hague to the CAC members present.

Project Introduction

RainCheck Development, LLC is the project developer (the “Developer”) for the Plan which entails the renovation of a two-story, 37,000 square-foot building into 38 residential apartments. Two studios, 32 one-bedroom units, and four two-bedroom units will be offered. Building amenities will include an interior courtyard and rooftop garden space. In addition, the parcel located to the west of the building will be curated into a private park for residents and a dog park. As for parking, the 40 Hague Development will provide on-site parking south of the building, at 59 East Philadelphia Street, at an already established lot, reconfigured to include a more efficient parking layout.

The total investment is estimated to be \$8.05 million. The Developer is requesting \$731,906.00 in TIF reimbursement.

There will be 18 temporary construction jobs and 1 FTE job. The 18 temporary construction jobs are expected to be created over an eighteen-month period once construction begins. The 1 FTE job will be related to property management.

Property Subject to the Plan

The eligible property (the “Property”) will consist of three (3) parcels roughly bounded by Hague Street to the north, residential properties to the east, Philadelphia Street to the south, and Woodward Avenue to the west, in Detroit’s North End neighborhood.

Basis of Eligibility

The Property is considered “eligible property” as defined by Act 381, Section 2 because (a) the Property was previously utilized for industrial and commercial purposes; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is determined to be a “facility” as defined by Act 381 and/or adjacent and contiguous to a “facility.”

Eligible Activities and Projected Costs

The “eligible activities” that are intended to be carried out at the Property are considered “eligible activities” as defined by Sec 2 of Act 381, because they include Pre-Approved Activities (Environmental Assessments), Department Specific Activities, Demolition, Asbestos Activities, Infrastructure Improvements, Site Preparation and preparation and implementation of Brownfield Plan and/or 381 Work Plan. The eligible activities and budgeted costs are intended as part of the development of the Property

and will be financed solely by the Developer. The Authority is not responsible for any costs of eligible activities and will incur no debt. The eligible activities are estimated to commence in fall 2019 and be completed within 18 months.

Tax Increment Financing (TIF) Capture

The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the DBRA and used to reimburse the cost of the eligible activities completed on the Property after approval of this Plan pursuant to the terms of a Reimbursement Agreement with the DBRA.

COSTS TO BE REIMBURSED WITH TIF

1. Environmental Assessments	\$23,693.00
2. Department Specific Activities (EGLE)	\$114,500.00
3. Demolition	\$298,900.00
4. Asbestos Abatement	\$22,000.00
5. Infrastructure Improvements	\$68,000.00
6. Site Preparation	\$86,350.00
7. Brownfield Plan & Work Plan Preparation	\$20,000.00
8. Brownfield Plan & Work Plan Implementation	\$10,000.00
9. Contingency (15%)	\$88,463.00
Total Reimbursement to Developer	\$731,906.00
10. Authority Administrative Costs	\$189,903.00
11. State Brownfield Redevelopment Fund	\$41,917.00
12. Local Brownfield Revolving Fund	\$294,549.00
TOTAL Estimated Costs	\$1,258,275.00

The actual cost of those eligible activities encompassed by this Plan that will qualify for reimbursement from tax increment revenues of the DBRA from the Property shall be governed by the terms of the Reimbursement Agreement.

Other Incentives

The Developer is seeking additional incentives, which will include local and/or state approval of an Obsolete Property Rehabilitation PA 146 Tax Abatement.

Attached for the Committee's review and approval were three (3) resolutions: 1.) a resolution supporting the Plan in the event the Committee does not deem it necessary to conduct a CAC public hearing and 2.) a resolution authorizing a public hearing in the project area and 3.) a resolution authorizing a public hearing in the project area and to appoint up to two special CAC members. The public hearing may be held jointly with any public hearing conducted by the Detroit Brownfield Redevelopment Authority.

Mr. Check provided more information about the Developer including additional projects being developed by the Developer in the City of Detroit, two additional companies owned by the Developer, SoundCheck and Tech Home Building. Mr. Check stated that his family has connections with the North End area of Detroit and he has long wanted to do a development project in the neighborhood. Mr. Check added that he had connections with the Detroit Housing Commission to install security systems in various developments in the City of Detroit.

Mr. Check stated that the existing building located at 40 Hague was designed by Albert Kahn. Mr. Check stated that the Developer has selected the Detroit office of Honigman to provide legal services for the project, O'Connor Real Estate in Corktown has been involved in the project, a Detroit-based firm has been selected to do leasing and property management for the project, Christian Hurtienne is the architect for the project, and The Monahan Company is the general contractor for the project. Mr. Check stated that he has expressed to Monahan to engage as many Detroit-based contractors as possible to work on the project. Mr. Check stated that there will be 20% of the residential units offered at 60% Area Median Income (AMI),

there will be a private park with greenspace available for residents that will be dog-friendly, and some infrastructure improvements surrounding the building.

Mr. Rawls asked if the Family Dollar near the Property is operating. Mr. Check stated that the Family Dollar is in operation and that the owners of the commercial space on Woodward are in support of the project.

Mr. Razo asked what the projected rental rates will be for the residential units. Mr. DooLittle stated that the Developer hired Zimmerman/Volk Associates, Inc. to determine what the market rates would be for the area at the request of Capital Impact Partners and determined that \$2.10-2.25 per square foot is appropriate for the area.

Mr. Check stated that the Developer is looking at more properties in the North End neighborhood for future projects.

Mr. Blocker asked for clarification on the rental rates for the market rate and affordable units. Mr. DooLittle stated that a market rate one-bedroom unit would be approximately \$1,400-1,600 per month and the one-bedroom affordable units would be approximately \$800 per month.

Mr. Razo asked if the Developer has any other buildings under contract. Mr. Check stated that the Developer does not have any other buildings under contract currently but is working on a commercial space on Woodward and potential new construction townhomes in Midtown.

Ms. Lee asked if the Developer could provide more information on the residential neighborhood surrounding the project and if there has been any engagement with the community regarding the project. Mr. Check stated that the DBRA has a public hearing scheduled for July 18, 2019 and has been in contact with other developers in the area, Beth El Community Center, and that he has received information on other community groups that he will pursue and contact regarding the project.

Mr. Rawls suggested that Mr. Check contact some of the local churches near the Property.

Mr. Check stated that there were furnaces installed in the building that will not be useful for the project that will be donated to Habitat for Humanity.

Ms. Lee asked for more information on the OPRA tax abatement. Ms. Kanalos stated that the OPRA tax abatement freezes the property taxes on the building for a period of 12 years.

Ms. Lee asked if the increase in the taxable value on the property will affect the surrounding residential properties. Mr. Vosburg stated that the assessed values on the surrounding residential properties may increase in the future, but the taxable values may only increase by the rate of inflation or 5% whichever is less, unless the property is sold.

Mr. Rawls asked if the building is on a historic register. Mr. Check stated that the building is not on a historic register but he and the architect are working to preserve and restore as many of the architectural components of the building as possible including the interior structural columns. New elements will be sensitive to the history of the building. It will have some technological elements including, cameras and security, motorized shades in the residential units, public wi-fi, and amenities on the rooftop space.

Mr. Rawls asked if there will be any green storm water infrastructure elements included in the project. Mr. Check stated that he wasn't sure if there were any green storm water infrastructure elements included in the project. Mr. Rawls suggested that the Developer work with the architect for the project on the green storm water infrastructure plans.

Mr. Razo asked if the private park will be only a dog park. Mr. Check stated that the park is intended to be a private park for the residents that is dog-friendly, but not exclusively a dog park.

Mr. Rawls called for a motion recommending approval of the Brownfield Plan for 40 Hague.

Mr. Blocker motioned to recommend approval of the Brownfield Plan for 40 Hague without a CAC public hearing and without appointing special members. Ms. Lee seconded the motion. DBRA-CAC Resolution Code 19-07-271-01, recommending approval of the Brownfield Plan for 40 Hague was unanimously approved.

Administrative

Election of Ninth DBRA-CAC Member (FY 2019-2020)

With the June 30, 2019 expiration of the term of office of Mr. Allen Rawls, there is a need for reappointment or appointment of the person to fill this position for a term to expire June 30, 2020.

Mr. Rawls called for a motion electing Allen Rawls as the ninth DBRA-CAC member for FY 2019-2020. The Committee took the following action:

On a motion by Mr. Blocker, seconded by Ms. Sagovac, DBRA-CAC Resolution Code 19-07-01-48, electing Allen Rawls as the ninth DBRA-CAC member for FY 2019-2020, was unanimously approved.

Other

None.

Public Comment

None.

Adjournment

Citing no further business, Mr. Rawls adjourned meeting at 5:46 PM.



CODE DBRA CAC 19-07-02-141

APPROVAL OF MINUTES OF JUNE 12, 2019

RESOLVED, that the minutes of the regular meeting of June 12, 2019 are hereby approved and all actions taken by the members present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Community Advisory Committee of the Detroit Brownfield Redevelopment Authority.

July 10, 2019



CODE DBRA-CAC 19-07-271-01

40 HAGUE MORROW BROWNFIELD REDEVELOPMENT PLAN

WHEREAS, pursuant to 381 PA 1996, as amended ("Act 381"), the City of Detroit Brownfield Redevelopment Authority (the "DBRA") has been established by resolution of the City Council of the City of Detroit (the "City") for the purpose of promoting the revitalization of environmentally distressed areas in the City; and

WHEREAS, under Act 381, the DBRA is authorized to develop and propose for adoption by City Council a brownfield plan for one or more parcels of eligible property; and

WHEREAS, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed **Brownfield Plan for the 40 Hague Project** (the "Plan") to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its July 10, 2019 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
 - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt a Brownfield Plan for the **40 Hague Brownfield Redevelopment Project**.
 - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

July 10, 2019



DBRA-CAC CODE 19-07-01-48

ADMINISTRATION: REAPPOINTMENT/APPOINTMENT OF NINTH CAC MEMBER

RESOLVED, that Allen Rawls is hereby reappointed/appointed as a DBRA Community Advisory Committee member for a term to expire June 30, 2020.

July 10, 2019